

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 ISO-00 COME-00
STR-07 INT-05 TRSE-00 OMB-01 GSA-02 SP-02 CIAE-00
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R 181341Z AUG 78
FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 2912
INFO AMEMBASSY ACCRA
AMEMBASSY BELGRADE
AMEMBASSY CANBERRA
AMEMBASSY CONAKRY
AMEMBASSY FREETOWN
AMEMBASSY GEORGETOWN
AMEMBASSY JAKARTA
AMEMBASSY PARAMARIBO
AMEMBASSY PORT AU PRINCE
AMEMBASSY SANTO DOMINGO

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E.O. 11652: NA
TAGS: IBA, EMIN, JM
SUBJECT: IBA PRICING COMMITTEE MEETING

1. ECON OFFICER CALLED ON IBA OFFICIALS TO DISUCSS
MEETING OF THE ORGANIZATION'S PRICING COMMITTEE AT THEIR
KINGSTON HEADQUARTERS. ACCORDING TO DIRECTOR OF
ADMINISTRATION LIONEL GREENE, THE MAJOR DISCUSSION TOPIC
WAS THE "REFERENCE PRICE" SET IN DECEMBE 1977 FOR BAUXITE
SALES TO NORTH AMERICA. THE FOCUS OF DISCUSSION WAS TO
REVIEW THE POSSIBILITY OF EXTENDING THIS FLOOR OR GUIDELINE
PRICE FOR BAUXITE TO OTHER MARKETS, NAMELY WESTERN EUROPE
AND JAPAN, AND ULTIMATELY, TO ESTABLISH A REFERENCE PRICE
FOR ALUMINA.

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2. IN KEEPING WITH IBA POLICY, THE ORGANIZATION RELEASES
NO INFORMATION ON MEETINGS ALTHOUGH MEMBER COUNTRIES MAY
ISSUE THEIR OWN STATEMENTS. THE CANA NEWS SERVICE (BASED
IN GUYANA) REPORTED THAT NO MAJOR RECOMMENDATIONS RESULTED
FROM THE PRICING MEETING. IBA CONFIRMED THE CANA
PRESS REPORT THAT THE PRICING COMMITTEE WILL MEET AGAIN IN

NOVEMBER IMMEDIATELY BEFORE THE IBA COUNCIL OF MINISTERS
CONFERENCE IN SURINAM.

3. MR. GREENE TOOK GREAT PAINS TO
EXPLAIN THAT THE ORGANIZATION WAS NOT AN OPEC FOR BAUXITE.
HE INTRODUCED THE SUBJECT OF OPEC AND STRESSED THAT
BAUXITE WAS UNLIKE PETROLEUM. ACCORDING TO IBA, THERE IS
NOT REALLY A PRODUCER/CONSUMER SITUATION FOR BAUSITE OWING
TO THE HIGHLY INTEGRATED NATURE OF THE INDUSTRY, NAMELY
THAT FROM BAUXITE THROUGH ALUMINA TO ALUMINUM ONLY A FEW
COMPANIES ARE INVOLVED. THE PRIMARY OBJECTIVES OF IBA ARE
A "FAIR" PRICE AND REASONABLE RETURNS FOR THE BAUXITE
SOURCE COUNTRIES, ALTHOUGH TECHNOLOGICAL AND MARKETING
COOPERATION AS WELL AS BROADENING OF SCOPE TO COVER
ALUMINA WERE OTHER GOALS. ECON OFFICER NOTED THAT EVEN AS
APOLITICAL A MAGAZINE AS NATIONAL GEOGRAPHIC FOUND THE
PARALLEL WITH OPEC IRRESISTIBLE IN THE
AUGUST 1978 EDITION'S ARTICLE ON "ALUMINUM". BENIGN
DENIALS FOLLOWED FROM MR. GREENEM

4. COMMENT: IBA HEADQUARTERS DOTH PROTEST TOO MUCH
ABOUT THE ALLEGED KINSHIP WITH OPEC. THE STAFF ARE
CLEARLY ENGAGED IN EFFORTS TO IDENTIFY ALL COSTS THOUGHOUT
THE ENTIRE BAUXITE ALUMINA-ALUMINUM PRODUCTION CYCLE.
(KINGSTON 6462 (NOTAL) TRANSMITTED IBA REQUEST FOR SEC
RECORDS OF COMPANY ANNUAL REPORTS AND SUPPLY CONTRACTS
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I.A.) THE GOAL APPEARS TO BE AN ASSESSMENT OF THE FEASIBILITY OF
IMPROVING PRICES FOR BAUXITE, AND LATER FOR ALUMINA, PARTICULARLY
IN VIEW OF TREND TOWARD INCREASED ALUMINA PRODUCTION IN
BAUXITE SOURCE COUNTRIES. THE IBA AND MEMBER GOVERNMENTS
OBVIOUSLY SEEK TO ENSURE THAT THEY RECEIVE A FAIR SHARE
OF INCOME AND PROFITS FROM THE BAUXITE-ALUMINA-ALUMINUM
CYCLE AND DO NOT WANT TO RELY ON THE INTERNATIONAL COMPANIES
FOR PRICE DETERMINATION.
HAVERKAMP

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Message Attributes

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Draft Date: 18 aug 1978
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Event:
Disposition History: n/a
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